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THE *Demand and Price* SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

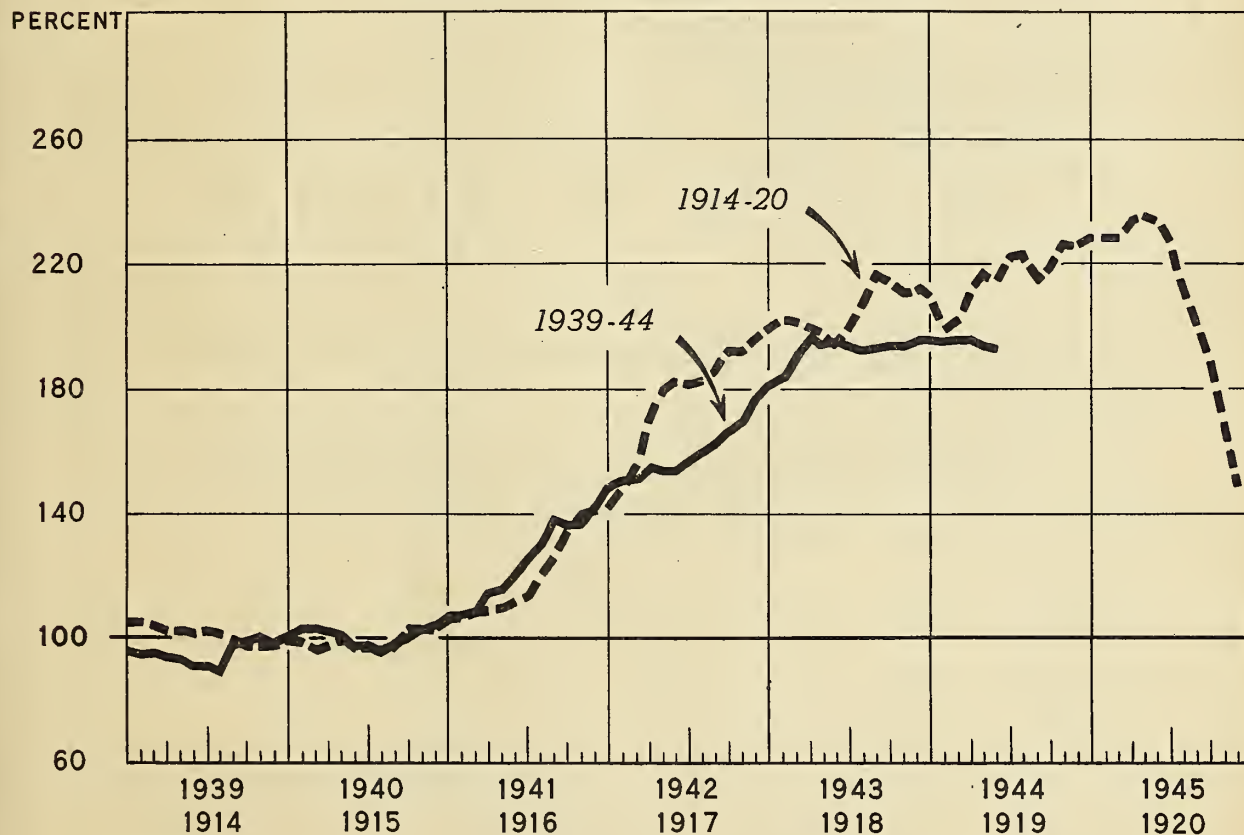
WASHINGTON, D. C.



JULY 1944

ALL FARM PRODUCTS: PRICES RECEIVED BY FARMERS,
UNITED STATES, BY MONTHS, 1914-20 AND 1939-44

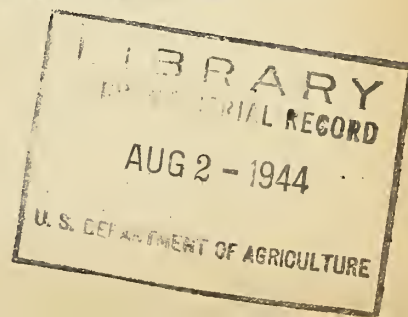
INDEX NUMBERS (AUGUST 1909-JULY 1914=100)



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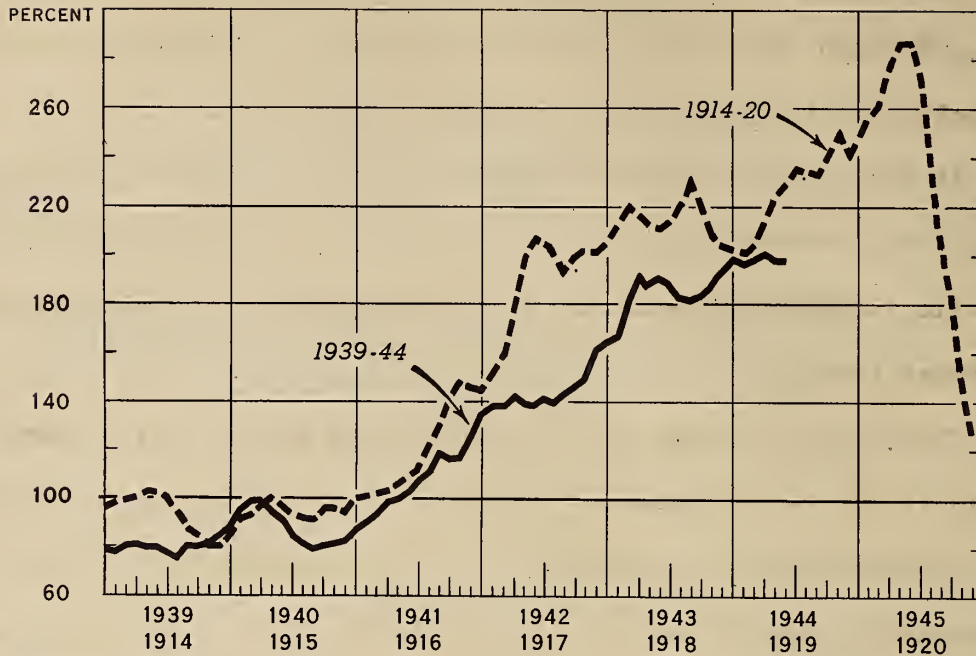
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Average prices received by farmers for all farm products were 6 percent lower in 1939 than they were in 1914. The rise in prices during the present war was very similar to that in World War I until April 1943. Since that time prices have been more stable than in World War I.



CROPS: PRICES RECEIVED BY FARMERS, UNITED STATES, BY MONTHS, 1914-20 AND 1939-44

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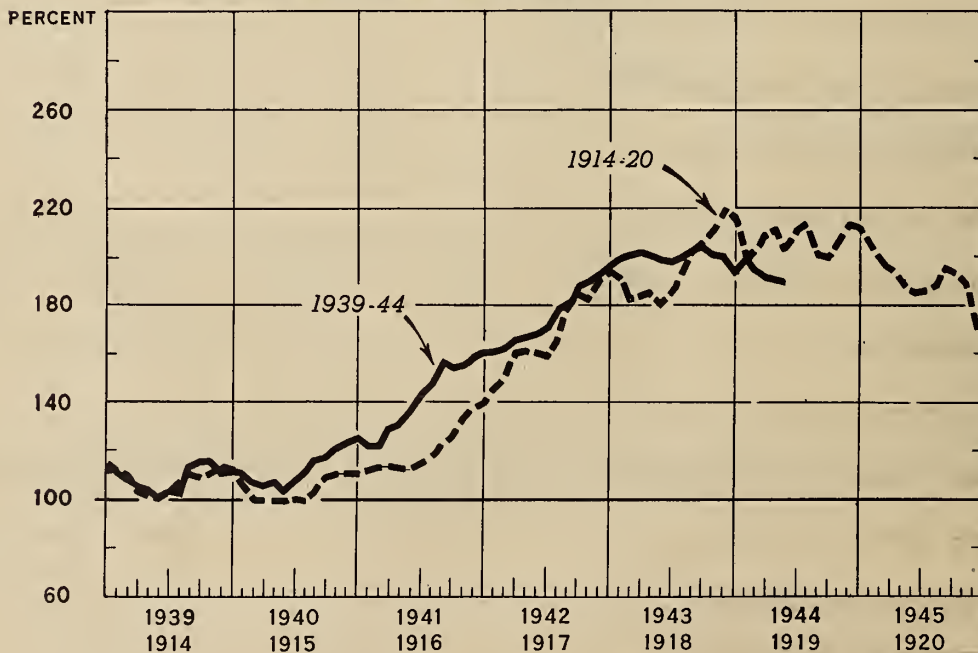
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FIGURE 1

Prices received for crops in 1939 averaged 15 percent below 1914. During the present war crop prices have remained below their level in World War I most of the time.

LIVESTOCK AND LIVESTOCK PRODUCTS: PRICES RECEIVED BY FARMERS, UNITED STATES, BY MONTHS, 1914-20 AND 1939-44

INDEX NUMBERS (AUGUST 1909-JULY 1914=100)



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FIGURE 2

Prices received for livestock and livestock products were at the same average level in 1939 as in 1914. Price rises during the two war periods have been very similar.

DEMAND FOR FARM PRODUCTS

The demand for farm products is continuing at extremely high wartime levels, although the prices of a few agricultural commodities, such as wheat, have declined below their ceilings, because of large supplies. No significant change in the present domestic demand situation is likely for the next several months. The liberation of more territory on the continent of Europe and elsewhere will increase the need for food for relief and help to maintain demand near recent levels.

Civilian purchasing power is at or near the highest on record. Nonagricultural income payments, which had declined slightly in March and April 1944, increased in May to approximately their peak level of February 1944. The seasonally adjusted index of nonagricultural income payments for May was 225.1. 1/ This is 8.5 points above the index for November 1943, the peak month of industrial production. This increase in payments occurred in spite of the fact that both nonagricultural employment and industrial production have declined since last November.

According to estimates of the Department of Labor, 38.2 million persons were employed in nonagricultural establishments in May 1944. This is 300,000 fewer than the number employed in April, and 1.6 million under the number employed in November 1943. In spite of these declines, the seasonally adjusted index of nonagricultural labor income for May 1944 rose to 259.0, which is 0.8 point above the previous month and 10.5 points higher than in November 1943.

Industrial production is continuing to decline slowly. The seasonally adjusted index for May 1944 was 237. 2/ This is 10 points under the figure for November 1943, and 2 points under the index for the previous May. This is the first time since October 1938, or a period of 5.5 years, that the index for any

1/ Department of Commerce 1935-39 = 100.

2/ Federal Reserve Board, 1935-39 = 100.

month has been below that for the same month in the previous year. However, the decline since last November amounts to only 4 percent. Present indications are that there was a further slight decline in industrial production in June and early July.

Production of manufactured goods has declined somewhat more than production of minerals. The index for manufactures was 253 for May 1944 as compared with a peak of 268 in November 1943, a decline of 5.6 percent. The production of durable manufactured goods, which increased very rapidly during the early part of the war and reached an index of 376 in November 1943, declined 5.1 percent by May 1944. The production of nondurable goods, although much less expanded by war conditions, declined 5.6 percent during the same period.

The largest declines in recent months in individual industries have been in chemicals, tobacco products, transportation equipment, lumber, and machinery. These declines reflect such factors as changing military needs and shortages of materials and labor.

-- July 17, 1944

PRICES RECEIVED BY FARMERS

The upward movement of prices received by farmers for all farm products which began in the latter half of 1940, reached at least a temporary peak in December 1943, when the index was 196.3/. After remaining at approximately this level for 5 months, the index declined slightly to 194 for May and 193 for June 1944. These price movements have coincided with the marketing of unusually large supplies of various farm products and the reduction of rationing points to zero for most meats, a number of canned goods and some fats and oils. The index of the volume of farm marketings for the first 5 months of 1944 was 128 as compared with 114 for the corresponding period in 1943. The prices-received index for June 1944 was 2 points lower than for June of the previous year. In April 1944 they were 1 point below the previous April. These are the first times since 1939 that prices-received by farmers have averaged below those of the corresponding months of the previous year.

3/ Department of Agriculture, August 1909-July 1914 = 100.

The recent trend in the index of prices for all farm products is the result of somewhat opposite tendencies in the prices of crops and of livestock and livestock products. The index of crop prices during the first half of 1944 averaged almost 10 percent above the corresponding period in 1943, while the index for livestock and livestock products was nearly 4 percent lower. Crop prices reached a peak in April 1944 when the index was 200, and declined only slightly in May and June. The prices received for livestock and livestock products reached their highest point in October 1943 when the index was 204. By June 1944 the index had declined to 189.

The prices of food grains were relatively low at the outbreak of war and rose less rapidly than the prices of several other groups of commodities. In August 1942, the index was only 113 as compared with 160 for all farm products. However, the extensive use of wheat for livestock feeding and for the production of industrial alcohol caused an unusually rapid disappearance of this grain in the latter part of 1942 and in 1943. By April 1944 the price index for food grains had risen to 171. During May and June prospects for a bumper wheat crop in the United States caused prices to decline somewhat, but in June 1944 the price index for food grains was still 14 percent above the June 1943 figure.

The prices of feed grains and hay increased only moderately during the early part of the war, and in November 1942 the index was 107. From that point there was a consistent rise in feed prices until the index reached 173 in May 1944. This rise appears to have been largely the result of favorable livestock prices earlier in the war which encouraged the growing of an unusually large number of animals and greatly increased the need for feed.

Meat animals were comparatively high in price when war began in Europe, the index for 1939 being 112. They reached their highest point in March and April 1943 when the index was 220. Since that time, with a very large number of animals being marketed, prices have declined and the index for June 1944 was 200. During the same period (April 1943 to June 1944) the index of prices of feed grains and hay rose from 141 to 170.

Prices for poultry and eggs have followed somewhat the same trend as those for meat animals, although they reached their peak in November 1943, when the index was 219, rather than earlier in the year. From November 1943 to April 1944 poultry and egg prices declined 31 percent. This was greater than the usual seasonal decline because unprecedentedly large supplies were marketed during these months.

Dairy products have remained more stable in price up to the present time than have most other agricultural commodities. The highest prices were recorded in December 1943 when the index was 203. By June 1944 prices had declined about 5 percent. Most of this decline was seasonal in nature. Supplies of dairy products have not been large enough to overcrowd the capacity of market facilities as have those of meat animals and poultry products.

Prices received by farmers for fruit and truck crops were at higher levels in the first half of 1944 than those of any other major crops, except

tobacco. Fruit prices rose fairly steadily beginning early in 1940. They reached their highest level, up to the present time, in April 1943 when the index was 237. The prices received for truck crops have been more variable than those for fruits, both seasonally and from year to year. Since March 1944 they have been substantially lower than in the corresponding months of 1943. However, in May and June 1944 truck crop prices rose moderately, contrary to their usual seasonal trend. During the first half of 1944 fruit prices averaged about 43 percent higher than a year earlier.

The prices received by farmers for oil-bearing crops have risen to a somewhat higher level than the average of all crop prices. Moreover, they have continued to rise during the first half of 1944. The index for June 1944 was 210, which is 12 percent above June 1943. The loss of much of the oil commonly imported from the tropics and the unusual demand for high-protein feed for livestock account for the relatively high prices for these crops.

The increase in tobacco prices from 1939 to the first half of 1944 amounted to 126 percent which was somewhat less than the comparable increase of 148 percent for all crops. However, tobacco prices were relatively high when the war started in Europe. The index for 1939 was 155 as compared with 80 for all crops.

The increase in the prices received for cotton from 1939 to the first half of 1944 was 133 percent, slightly greater than the rise in tobacco prices but less than the average for all crops. Cotton prices were comparatively low when the war started. The index for 1939 was 70 and the rise in prices occurred in spite of large stocks of cotton then and still present in the United States

PRICES PAID BY FARMERS AND THE PARITY RATIO

The index of prices paid by farmers, including interest and taxes, has remained at 170 (1910-14 = 100) from February to June 1944. This followed a steady increase beginning in August 1939 when the index was 123. The index for prices paid for commodities, not including interest and taxes, rose somewhat more rapidly than did the combined index until the beginning of 1944, when it reached 175, but like the combined index it has remained constant from February to June 1944.

The parity ratio, that is the ratio of the index of prices received by farmers to prices paid, interest and taxes, reached a high point of 122 in April 1943. By June 1944 it had declined to 114. This decline was the result of a decline of 4 points in the index of prices received and a rise of 8 points in the index of prices paid, interest and taxes. Except in January the parity ratio has been lower each month during the first half of 1944 than it was during the corresponding months in 1943.

EXTENSION OF PRICE CONTROL ACT

The Stabilization Extension Act of 1944 (Public Law No. 383, approved June 30, 1944) extends to June 30, 1945 the Emergency Price Control Act of June 1942 and the Stabilization Act of October 2, 1942. It contains a number of amendments to both acts, of which the more important ones relating to agricultural commodities are as follows:

Section 102, Amending Section 2
of the Emergency Price
Control Act of June
1942

Section 2 (b) -- This subsection, which deals with powers of the purchase and sale of commodities and the use of subsidies, contains the following additions:

1.- With respect to the designation of commodities as strategic or critical, it provides that, except for agricultural commodities already so designated, "no agricultural commodity or commodity manufactured or processed in whole or substantial part from any agricultural commodity intended to be used as food for human consumption, shall, for the purpose of this subsection, be defined as a strategic or critical material pursuant to the provisions of said section 5d of the Reconstruction Finance Corporation Act, as amended."

2.- With respect to subsidies, it provides that "After June 30, 1945 neither the Price Administrator nor the Reconstruction Finance Corporation or any other Government corporation shall make any subsidy payments, or buy any commodities for the purpose of selling them at a loss and thereby subsidizing directly or indirectly the sale of commodities, unless the money required for such subsidies, or sale at a loss, has been appropriated by Congress for such purpose; and appropriations for such purpose are hereby authorized to be made."

Section 2 (1) -- This additional subsection provides that "Before growers' maximum prices are established or lowered for any agricultural commodity which is the product of annual or seasonal planting, the Price Administrator shall give to such growers, not less than 15 days prior to the normal planting season in each major producing area affected, notice of the maximum prices he proposes to establish therefor: Provided, That in no case shall this subsection require such notice to be given more than 12 months prior to the beginning of the normal marketing season in such areas." Also, this subsection provides that the provisions of the subsection are not to be applied to the 1944 crops of any agricultural commodity in which the normal planting season occurs before July 31, 1944.

Section 103, Amending Section 3 of the
Emergency Price Control Act of
June 1942

Section 3 (g) -- This new subsection provides that "Whenever a maximum price has been established, under this act or otherwise, with respect to any fresh fruit or any fresh vegetable, the Administrator from time to time shall adjust such maximum price in order to make appropriate allowances for substantial reductions of merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such commodity."

Section 201, Amending Section 3 of
the Stabilization Act of
October 2, 1942

Section 3 -- This section, which provides for maximum prices for agricultural commodities, includes the following new provisions:

1.- The President, acting through any department, agency, or office of the Government, shall take all lawful action to assure that the farm producer of all basic and proclamation commodities shall receive not less than the minimum price at which ceilings could lawfully be established under the Act (parity or the highest price between January and September 1942, adjusted for gross inequity).

2.- Each major cotton textile item is to be separately considered in determining whether ceiling prices established by the Office of Price Administration reflect parity for cotton;

3.- In the establishment of ceiling prices, the price of Middling 7/8-inch cotton at the center of location shall be construed by the Office of Price Administration as equivalent to parity as is done by the Commodity Credit Corporation for loan purposes.

Section 204, Amending Section 8 of the
Stabilization Act of
October 2, 1942

Section 8 (a) -- This section, which provides for loans by the Commodity Credit Corporation, where marketing quotas have not been disapproved by producers of a commodity, is amended to provide that the loan rate on cotton at present and for at least 2 years after the war shall be raised from 90 to 92.5 percent of parity.

FARM INCOME AND PRICES

The index of prices received by farmers for July 1944 will be about the same as for June with prices for livestock and livestock products slightly higher and crop prices a trifle lower.

The tentative estimate for total cash receipts for July is 1,770 million dollars. This is an increase of 17 percent above June 1944 and 15 percent above July 1943. The volume of total marketings will increase about 16 percent over June as the first of the 1944 crops come on the markets.

Total receipts from marketings for the period January through July will show an increase of about 12 percent over 1943, amounting to around 10,440 million dollars compared with 9,352 million dollars last year. Rough estimates by commodity groups for January through July 1944 and revised estimates for the same period in 1943 follow:

Commodity group	Receipts: January through July	
	1943	1944
	Million dollars	Million dollars
Receipts from marketings	9,352	10,440
All crops	3,043	3,665
Food grains	376	700
Feed grains and hay	510	650
Cotton and cottonseed	272	265
Oil-bearing crops	204	190
Tobacco	130	170
Vegetables	875	885
Fruits and nuts	468	560
All livestock	6,309	6,775
Meat animals	3,224	3,655
Dairy products	1,651	1,755
Poultry and eggs	1,299	1,240

Cash receipts for June were approximately 1,505 million dollars, 4 percent above May and 9 percent above June 1943. The volume of marketings, as well as prices for both crops and livestock, was nearly the same in June as in May. The revised estimate for May was 1,452 million dollars.

Slaughter of meat animals continued relatively high in June compared with May for all species except hogs. Hog slaughter was 3 percent less than for May. In relation to June 1943, slaughter ranged from 106 percent for hogs to 179 percent for calves.

The number of laying hens on hand during June was 2 percent larger than in June 1943, and egg production was about 2 percent greater. Milk production in June showed only a very slight downward change from a year earlier, but an increase of 5 percent over May.

COTTON

During the month ending July 15, the 10-market price of Middling 15/16-inch cotton averaged 21.79 cents per pound. This compares with 21.24 a month earlier and 21.05 in the corresponding period last season. The advance in prices from about 21.25 cents in late May and early June, to 22.11 on July 11 (the highest since 1928) is largely attributable to recent legislative action and to the smaller cotton acreage this season. The mid-June farm price of cotton was 20.16 cents, or 4 percent below the parity price of 21.08 cents per pound.

At least four provisions of the Stabilization Extension Act of 1944 are pertinent to cotton. They are: (1) that the loan rate on cotton now and for at least 2 years after the war is raised to 92.5 percent of parity; (2) that each major cotton textile item be separately considered in . . .

determining whether OPA ceiling prices reflect parity; (3) that in the establishment of ceiling prices, the price of Middling 7/8-inch cotton at the center of location shall be construed by OPA as equivalent to parity as is done by the Commodity Credit Corporation for loan purposes; and (4) that the President shall take all lawful action to assure that the farm producer of all basic and proclamation commodities shall receive not less than the minimum price at which ceilings could lawfully be established by OPA.

The OPA has announced that upward price adjustments will be authorized on textile items which collectively use about 1/3 of the total cotton consumed and the revised price schedule for denims has already been released. As another result of the Act, the CCC has revised its sales price upward from 21.88 cents per pound (10-market average) to 22.41 cents per pound.

The acreage in cotton on July 1 is officially estimated at 20,472,000 acres or 6.7 percent less than in 1943. If abandonment is average this would mean the smallest harvested acreage since 1895. The consumption of cotton for the period August 1, 1943 to June 30, 1944 totaled 9,217,903 bales. If this is projected on the basis of the same daily rate in July as in June, consumption this season would total about 9,950,000 bales. This would compare with 11,100,000 bales in 1942-43 and a peak of 11,170,000 bales in 1941-42, reductions of 10 and 11 percent respectively. Consumption per working day in June averaged 36,624 bales which was 1 percent less than that of last month and 12 percent under June 1943. This is the lowest daily consumption for any month since November 1940 and is 21 percent less than the record high for April 1942.

CORN AND OTHER FEED

Prices received by farmers on June 15 for all feed grains except corn were down, seasonally, about a cent per bushel from those of a month earlier, but parity prices remained at the same level. Prices received by farmers for hay also declined seasonally between mid-May and mid-June, from \$16.10 to \$15.00 per ton. Prices for almost all byproduct feeds remained at ceilings.

Demand for feed grains in early July continued about the same as in June but considerably easier than during earlier months of 1944. The domestic disappearance of corn and oats during the April-June quarter was considerably smaller than in the corresponding quarter of 1943. This was due principally to lighter demand from livestock producers because of reduced numbers of livestock. Feed grain disappearance during the remainder of 1944 is expected to continue at a lower rate than during the corresponding months of 1943.

The supply of feed grains for 1944-45 from domestic production and carry-over may total about 125 million tons on the basis of July 1 conditions. This would be 17 million tons less than the record supplies of 1942, but 1 million tons more than the 1938-42 average.

Considering the reductions now taking place in hog and poultry numbers the supply of feed grains for 1944-45 may be equal to about .84 ton per grain-consuming animal unit on farms next January 1. This would be about 9 percent

more per grain-consuming animal unit than in 1943-44, and only about 5 percent below either the 1942-43 supply, or the average for the 1938-42 period when large feed reserves were being accumulated.

The 1944-45 domestic supply of corn, based on July 1 prospects, may total about 3,250 million bushels, 194 million bushels smaller than the 1943-44 supply, but 16 million bushels larger than the 1938-42 average. The 1944-45 domestic supply of oats is expected to be about 1 percent less than a year earlier, but 1 percent more than the 1938-42 average. The 1944-45 domestic supply of barley is 13 percent smaller than a year earlier, but only 5 percent below the 1938-42 average.

The hay crop this year is expected to approach 100 million tons, a volume equaled or exceeded only in 1942 and 1943.

WHEAT

On July 17, cash wheat prices at Kansas City were 7 cents a bushel lower than a month earlier, and 13 cents lower at St. Louis reflecting the heavy harvest movement under way. The price of No. 2 Hard Winter at Kansas City on July 17 (\$1.51) is 1 cent above the loan and 11 cents below the ceiling. The price of No. 2 Soft Red Winter at St. Louis (\$1.59) is 4 cents above the loan and 13 cents below the ceiling. Prices at Minneapolis on July 17 were about unchanged from a month earlier, reflecting increased demand by millers for hard spring wheat with average or better protein to supplement the low protein of the early marketed new winter wheat crop.

With total domestic wheat supplies in 1944 at an indicated 1,478 million bushels, slightly above the 1,452 million in 1943, and prospects that disappearance will again be large, further price declines are expected to be small. The Commodity Credit Corporation has announced its intention to purchase wheat at 1 cent under the loan level which was recently raised 7 cents from 85 to 90 percent of parity. The extent of any further price declines would be expected largely to reflect farmers' attitudes with regard to storing. The availability of storage space, both farm and terminal, and the trend of wheat prices in recent years may be expected to influence many farmers to hold their wheat. After the harvest movement is over, the heavy demand for non-food as well as food uses is expected to be an important price-strengthening factor.

For the first time in 3 years the indicated crop is expected to meet prospective requirements, without reducing the size of the carry-over. On the basis of prospective disappearance (without imports), stocks July 1945 may not be much different from the 350 million bushels estimated for July 1, 1944. The reduction from the all-time record carry-over of 632 million bushels in 1942, reflects very large use of wheat for non-food purposes.

The indicated production as of July 1 was 1,128 million bushels. This is by far the largest crop in our history, and 93 million bushels above the June 1 indication. The previous record was 1,009 million bushels in 1915. The soft red winter wheat crop, which has been sharply below requirements in each of the past 2 years, is estimated at 230 million bushels this year.

While this is above the 200-million bushel average, for the country as a whole, the combined crop in the five leading States is still slightly below average. The crop is significantly above average only in Ohio; in Missouri and Pennsylvania it is about average, and in Indiana and Illinois below average.

FATS, OILS, AND OILSEEDS

Present indications point to an output of fats and oils from domestic materials in 1944-45 of around 10 billion pounds. This would be approximately 1.5 billion pounds (13 percent) less than in 1943-44 and 700 million pounds less than in 1942-43, but greater than in any other earlier year. The principal declines in 1944-45 will be in lard and linseed oil. With output of fats and oils reduced and demand expected to continue strong, prices of most fats and oils in late 1944 and early 1945 probably will be at ceilings.

With a 28-percent reduction expected in the 1944 pig crop, output of lard and rendered pork fat in 1944-45 (October-September), including lard not produced in federally inspected plants, may decline to approximately 2,500 million pounds, about 1,050 million pounds less than in the peak year 1943-44 and 350 million pounds less than 1942-43. The output of linseed oil in 1944-45 from domestic seed is expected to be only about one-half the 900 million pounds estimated for 1943-44, as a result of a reduction of nearly 50 percent in planted acreage in 1944. Total production of cottonseed, soybean, and peanut oils, however, may be about the same in 1944-45 as a year earlier.

Reflecting increased domestic use and exports of lard in June, prices of bulk lard rose at the end of the month. Sales of lard in tank cars, Chicago, were reported at 11 cents per pound compared with 9 cents earlier in the month and in May. Published quotations in late June and early July were 11.5 cents per pound compared with the ceiling price of 12.8. Lower grades of tallow and grease were in weak demand during most of June, stocks accumulated, and prices were mostly below ceilings. Prices of other fats and oils were mostly unchanged at their maximums. Demand for cottonseed and peanut oil at ceiling prices was greater than available supplies. The index number of wholesale prices of 27 major fats and oils in June, at 107 percent of the 1924-29 average, was the same as a month earlier.

Average prices received by farmers for oilseeds were nearly the same in mid-June as in mid-May. The mid-June average for farmers' stock peanuts was 7.8 cents per pound compared with 7.7 cents a month earlier. Cottonseed prices averaged \$52.80 per ton compared with \$52.50 in May. Prices received for soybeans and flaxseed, at \$1.93 and \$2.85 per bushel, respectively, were the same as a month earlier. Farmers' sales of oilseeds are small at this time of the year.

LIVESTOCK AND MEATS

Prices of medium weight butcher hogs at Chicago rose from the support level at Chicago the week ended July 8 for the first time since April. Prices are likely to advance in August and September and probably will be at or close to ceiling levels in the early fall.

The number of pigs to be saved this year is expected to be 28 percent less than the record spring and fall crops of 1943 which totaled 122 million head. This year's spring pig crop totaled 56 million head, 24 percent smaller than in 1943, and 8 percent smaller than the 1942 crop. Reports from farmers on June 1 indicate they intended to breed about 5 million sows to farrow this fall. If these intentions are carried out and average sized litters are saved, this would result in a fall pig crop of 32 million, about one-third smaller than the large 1943 crop of 48 million and the smallest fall crop since 1940.

Lower pork output during the hog marketing year beginning October 1, 1944 will result from the smaller 1944 pig crops. Slaughter in 1944 may exceed the 95 million head slaughtered last year. Marketings will reach a seasonal low in August and September and in the last quarter of the year will be about 1/4 smaller than in the same period last year.

Both cattle and calf prices may average lower during the last half of this year than last, but will still be at a high level. In mid-July prices for all grades of cattle, except Choice and Prime and Good grade slaughter cattle, were sharply reduced from those of mid-June. In spite of seasonally larger marketings of meat animals in the last half of this year and a total supply of meat about as large as a year ago, supplies of meat available for civilians will be much smaller during the last part of this year. This will have a strengthening effect on prices for all meat animals.

Seasonal increases in marketings of cattle and calves are in prospect from July through October. Cattle slaughter in comparable federally inspected plants for the first 6 months of this year was 18 percent larger than last year, but was 8 percent smaller than slaughter in 1942. Slaughter of calves was 48 percent larger than last year in comparable plants and 4 percent larger than in 1942. Both cattle and calf slaughter in 1943 was very low in relation to cattle numbers on farms.

More sheep and lambs will be marketed during the last half of the year than in the first half, but the number of lambs for slaughter during August-December will be smaller than in the same period last year, reflecting a reduced lamb crop this year. Prices of lambs probably will be higher than in the same period of 1943.

WOOL

The average price received by farmers for wool was 42 cents a pound in mid-June. This compares with 40.6 cents in May and 41.3 cents in June 1943. The June price this year was the highest reported for any June since 1919, and except for April and May last year (when dealers and mills contracted large quantities of wool at relatively high prices before the Government purchase program was inaugurated) was the highest of any month since early 1925. With practically all domestic wool now being purchased by the Commodity Credit Corporation at ceiling prices, there is little opportunity for changes in farm prices aside from variations which reflect differences in grade and quality or point of origin. These variations probably explain why prices reported in April and May were lower than in

June this year. Wool from some of the Western States is reported to be of less than average shrinkage and this would tend to result in higher prices per grease pound.

Movement of wool to appraisal centers -- which was delayed by late shearing -- increased sharply in June and about 104 million pounds of 1944 shorn wool had been appraised by the end of the month. This probably represents about 30 percent of prospective 1944 shorn wool production which is expected to be somewhat smaller than last year's clip of 384 million pounds because of a 7 percent reduction in sheep numbers from January 1, 1943, to January 1, 1944. Appraisal of 1944 pulled wool totaled 30 million pounds through June 30. Sales of domestic wool to mills have increased following the award of new Army orders which in many cases specify the use of domestic wool but Commodity Credit Corporation carry-over stocks of 1943 wool are still relatively large.

The weekly average rate of mill consumption of apparel wool declined slightly in May and was 4 percent lower than a year earlier. Consumption for the first 5 months of the year was at an annual rate of 610 million pounds, scoured basis. This compares with an annual rate of 623 million pounds during the corresponding months last year and a total of 592 million pounds for the entire year 1943. In view of present military contracts prospects appear favorable for maintaining the current high rate of mill consumption during the second half of 1944.

DAIRY PRODUCTS

During the first 6 months of 1944, farmers received on the average 7 to 28 cents more per hundredweight for whole milk sold at wholesale than in the same period of 1943; prices received for butterfat, however, were about the same during both periods. Since dairy production payments were instituted in October 1943, returns to dairy farmers in the first and second quarters of 1944 were materially above returns in the first two quarters of 1943.

It is expected that during the last half of 1944 prices received by farmers for whole milk sold at wholesale will average 5 to 10 cents per hundredweight higher than in the comparable period of 1943. Butterfat prices will probably also be at a higher level. With potential demands for dairy products exceeding supplies, wholesale and retail prices of most dairy products will show little change, remaining at ceiling levels.

Total production, on farms, of 61.7 billion pounds of milk in the January-June period of 1944 slightly exceeded the production in the same period of 1943. If milk- and butterfat-feed price ratios continue during 1944 more favorable for dairy production than for other livestock enterprises, and should dairy pasture condition remain at average, total milk production on farms for 1944 will probably be as great as the 118 billion pounds produced in 1943.

Production of the principal manufactured dairy products during May, except butter, was at a higher level than a year earlier. May 1944 production

of dried whole milk and nonfat dry milk solids (dried skim milk) for human consumption reached all-time highs. Except for butter and evaporated milk, total stocks of dairy products on June 1, 1944 were above last year, and even butter and evaporated milk stocks were materially above the 1935-39 average. With War Food Order 79 directing fluid milk into desired manufacturing outlets, production of principal dairy products, except butter, for the last half of 1944 should exceed production during the corresponding period of 1943.

POULTRY AND EGGS

Prices of both fresh and storage eggs advanced sharply in late June and early July reflecting seasonally declining supplies of fresh eggs and a continued strong demand. Upturns in prices first occurred for top-grade large eggs but increases soon spread to all grades.

By mid-July wholesale prices of several grades of eggs had reached ceiling levels in contrast to an average in mid-June of 5 cents below ceilings. Actual prices in mid-July were from 2 to 8 cents per dozen higher than in mid-June and about the same as a year earlier when prices were firm at maximum permitted levels. The average price received by farmers for eggs in mid-June was 28.1 cents per dozen compared with 35.2 cents in June last year. The egg-feed price ratio in the first half of 1944 averaged 27 percent below the near-record high of a year earlier and 16 percent below the 1933-42 June average.

Reflecting the comparatively low egg-feed price relationship this past spring, the number of chickens raised for flock replacements is much smaller than in 1943 and heavy culling of laying flocks is in progress. The ultimate size of laying flocks for next season depends partly on the outcome of this year's feed crops but present indications point to a reduction of 8 to 10 percent in numbers of layers by January 1, 1945 as compared with January 1, 1944. Egg production in the first half of 1944 was 6.5 percent greater than a year earlier.

Marketings of young chickens and fowl will continue to increase seasonally during the next few months. Market supplies probably will be larger than a year earlier through most of the third quarter but in the last quarter they are likely to be smaller than in the last quarter of 1943. So far, the prevailing total demand for poultry has absorbed the record marketings at close to ceiling prices.

FRUIT

Prices for fresh fruits during early July generally were at levels slightly higher than a year earlier. Since mid-June, New York City auction prices for oranges, grapefruit, and lemons remained fairly steady at near-ceiling levels, reflecting seasonally declining supplies. Prices per box for the week ended July 7 were as follows: California Valencia oranges, \$5.71; Florida seedless grapefruit, \$4.19; and California lemons, \$7.05. Prices for these fruits are expected to continue strong for the remainder of the season ending next fall.

Although prices for most fresh deciduous fruits were higher at the beginning of this season than last, maximum price regulations for fresh apricots, plums, Italian prunes, and sweet cherries, effective June 13 and for peaches, effective July 15, plus larger supplies, are expected to result in lower average prices for this season than last. Because of the much larger crops of apricots and cherries this year than last, a larger percentage of each crop will be utilized for processing. This also will contribute to lower season average prices because of the lower prices for processing fruit than for fresh fruit. Nevertheless, the season average prices for these two fruits are expected to average substantially higher than those of recent years except 1943.

Carlot shipments of fresh fruits increased from a seasonal low of 4,808 cars for the week ended June 3 to 5,769 cars for the week ended July 1, as a consequence of increased shipments of deciduous fruits from this year's large crops. Shipments of most fresh deciduous fruits are expected to increase seasonally while those of citrus fruits decline.

Supplies of deciduous fruits for fresh use and processing will be much larger during the 1944-45 season than the previous one. The 1944 crop of deciduous fruit, on the basis of the July 1 condition, is expected to be about one-fifth larger than the short 1943 crop. Prospective production of important fruit crops compared with production last year is as follows: Apples, 122.3 million bushels, an increase of 37 percent; grapes, 2,652,000 tons, a decrease of 11 percent; peaches, 69.2 million bushels, an increase of 64 percent; pears, 27.7 million bushels, an increase of 13 percent; cherries, 194,480 tons, an increase of 67 percent; and apricots, 323,600 tons, an increase of 207 percent. Present indications point to a 1944-45 crop of citrus fruit as large as or larger than the record 1943-44 crop.

The pack of commercially canned fruit during the 1944-45 season is expected to be considerably larger than the pack of 1943-44. However, supplies per capita available to civilians from this larger pack may be slightly smaller than the supplies from the preceding pack.

TRUCK CROPS

There was a moderate advance for the second month in succession in prices received by farmers for truck crops for fresh market shipment during the first part of June. For the first half of June of this year prices were about 13 percent lower than in June of 1943. However, truck crop prices during the first 6 months of this year have averaged about 50 percent higher than in 1942 and slightly more than twice as high as for the corresponding months of the 5-year 1935-39 period.

The usual downward seasonal movement of truck crop prices is anticipated during the summer months of largest total seasonal supplies. It is probable, however, that the decrease in prices during July, August and September of this year will be much smaller than the decrease last year from the unusually high prices of March, April and May. The lower prices this year during the late winter and spring as compared with last year were due mainly to larger supplies of vegetables this year and to the ceiling prices which were in effect on some crops this year.

The prices for 17 of 23 vegetables on the New York City wholesale market for the week ended July 1 were lower than for the corresponding week a year earlier, and the prices for 6 vegetables were higher. Vegetables which were higher in price were tomatoes, escarole, broccoli, turnips, cantaloups, and watermelons. Vegetables showing the greatest decline in price were celery, green peppers, green peas, spinach, and radishes. Vegetable prices on the New York City wholesale market for the week ended July 1 were on an average about 17 percent lower than for the corresponding week a year earlier.

Larger supplies of fresh vegetables are the most important cause for the lower vegetable prices this year. It is estimated that the total production of spring truck crops this year was about 15 percent larger than in 1943. Present indications are for a total production during the summer season (July, August and September) about 13 percent larger than in 1943. Truck crops for which the estimated summer production this year will be larger than the 1943 production, and also larger than the 10-year (1933-42) average are: Lima beans, snap beans, cantaloups (early and mid-summer), cauliflower, celery, sweet corn, cucumbers, eggplant, honeydew melons, lettuce, onions (early summer), green peas, green peppers and spinach. Summer supplies of cabbage and watermelons are also indicated to be greater than last year but slightly below average.

The preliminary estimate of the total planted acreage of 10 truck crops for commercial processing (excluding asparagus, carrots and spinach for other than California and Texas) for 1944 is almost exactly the same as the planted acreage for these crops in 1943. The 1944 estimated planted acreage of green peas, snap beans and tomatoes is about the same as for last year, while the acreage of sweet corn for 1944 is 5 percent less than in 1943.

The production of snap beans for processing in 1944 was estimated as of July 1 to be 274,400 tons, or 5 percent larger than last year. The production of green peas was estimated at 406,460 tons or about 1 percent less than the 1943 crop. The July 1 condition of sweet corn, green lima beans, beets for canning and cabbage for kraut was more favorable than the 10-year (1933-42) average. The July 1 condition of tomatoes for processing was slightly better this year than last but slightly less favorable than the 10-year (1933-42) average.

POTATOES AND SWEETPOTATOES

The average price received by farmers for potatoes on June 15 of this year was \$1.25 per bushel or 9 cents less than the May 15 price and 59 cents less than on June 15, 1943. The price of potatoes has been advancing since mid-June. The f.o.b. price per 100-pound sack of U. S. No. 1 Cobblers at Onley, Virginia, was \$2.75 for the week ended June 17, \$2.93 for the week ended June 24, and \$3.16 for the week ended July 1. For the same three weeks, prices for Cobbler potatoes from North Carolina, on the New York City wholesale market, averaged \$2.88, \$3.38, and \$3.60 per 100 pounds, respectively. Ceiling prices have been established by the Office of Price Administration effective July 15, 1944, to the end of the crop marketing season. The established maximum prices are identical to those of the 1943 crop except for a 20 cents per hundredweight increase f.o.b. shipping point.

basis for the month of July in Nebraska, and a 30 cents increase for July in the States of Kansas, Maryland, North Carolina and Virginia.

Total production of potatoes for 1944, estimated as of July 1, is 399,116,000 bushels. While this is about 65 million bushels less than last year's record crop, it is nearly 10 percent larger than the 10-year 1933-42 average, and the largest crop with the exception of last year, since 1934. The production in the intermediate States, according to July 1 estimates, will be 27,206,000 bushels, 22 percent less than last year's crop and 14 percent less than the 10-year average. Carlot shipments of old stock potatoes, which have been unusually heavy throughout the spring, have decreased sharply during the past month and for the week ended July 1 amounted to only 109 cars in contrast to 5,342 cars of new potatoes. During the four-week period ending July 1, 1944, the Government purchased about 1,550 carloads of potatoes in its price-support program. A considerable proportion of these potatoes was of poor quality, resulting from smaller yields obtained in some of the early and intermediate States owing to dry weather.

The sweetpotato crop for 1944, according to July 1 indications, will amount to 66,393,000 bushels, 9 percent less than the 1943 crop and 1 percent less than the 10-year 1933-42 average.

DRY EDIBLE BEANS AND PEAS

Prices received by farmers for dry edible beans June 15, 1944, were at support-price levels, averaging \$6.13 per 100 pounds. They have been at support-price levels all season, advancing from \$6.07 for October 1943 to \$6.13 for June 1944. Stocks of dry beans June 1, 1944, consisted of 726,000 bags (100 pounds, uncleaned) on farms compared with 1,120,000 bags a year earlier and 4,258,000 bags cleaned and stored in the usual commercial storage places and under War Food Administration storage contracts in or near producing areas but not in direct consumption trade channels compared with 3,458,000 bags last year. The 1944 crop of dry beans is estimated, on the basis of July 1 condition, at 19,358,000 bags (uncleaned) compared with 21,123,000 bags in 1943.

Prices received by farmers for dry field peas June 15, 1944, continued at support-price levels, averaging \$4.90 per 100 pounds. Storage stocks of peas June 1, 1944, were composed of 129,000 bags (100 pounds, uncleaned) on farms compared with 17,000 bags a year earlier, and 2,864,000 bags cleaned and in usual commercial and War Food Administration storage places in producing states but not in direct consumption channels compared with 758,000 bags June 1, 1943. Production in 1944 is estimated at 9,808,000 bags compared with 10,870,000 in 1943.

TOBACCO

The 1944-45 flue-cured tobacco marketing season is scheduled to begin July 24 with the opening of the Georgia-Florida markets. A strong demand and favorable prices for the leaf are again in prospect. It is expected that the 1944 crop of flue-cured will be placed under a maximum price regulation which will provide for a price differential between tied tobacco and untied tobacco.

Owing to the exceptionally strong demand for tobacco last year, untied tobacco sold almost as high as tied tobacco. Consequently, the spread in price between the Georgia-Florida tobacco (type 14) and other flue-cured types was unusually narrow.

Due to the high level of domestic consumption last year, the 1944-45 supply of flue-cured is expected to be somewhat below 1943-44. On the basis of July 1 indications the acreage of flue-cured tobacco is 16 percent larger than the 1943 harvested acreage but 10 percent below the 1944 allotments. However, since the yield is 9 percent below 1943, production is expected to total 834 million pounds or only 6 percent more than last season.

The 1943 crop of Maryland tobacco, now being marketed, was one of the smallest on record and of exceptionally poor quality. Demand for better grades is strong and prices are at the established ceiling of 62 cents per pound, but owing to a large percentage of poor quality leaf, the average so far this season is below last year's average farm price of 56 cents per pound.

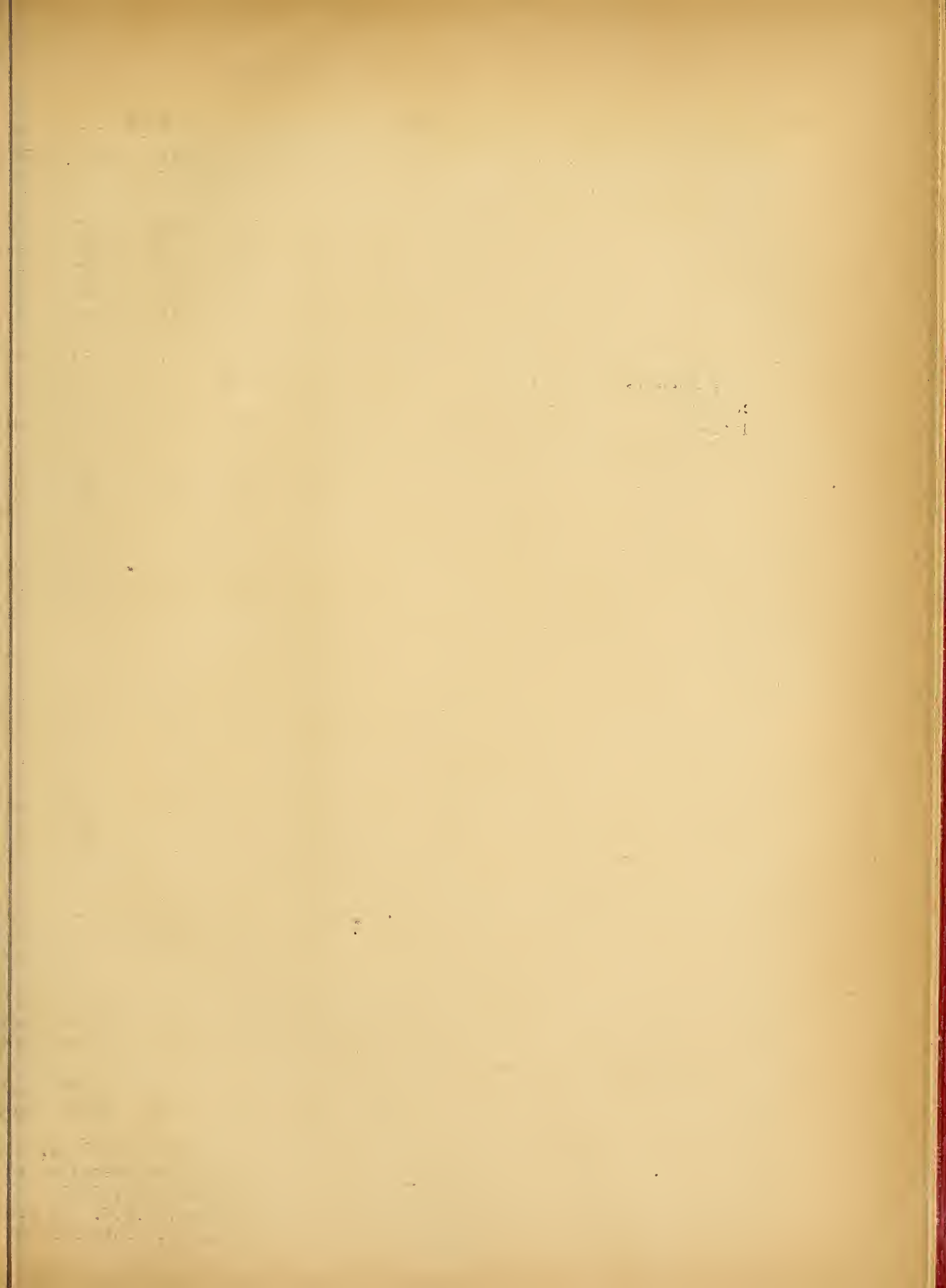
In general, the outlook for tobacco during the next year or so is favorable in view of the continued strong demand for leaf tobacco of all types. Stocks of aged tobacco held in this country and in Britain are low in relation to demand, and there is probably very little United States grown leaf in most of the countries on the European Continent and in the Far East. It is possible that exports of leaf tobacco during the year or so after the fall of Axis Europe may increase considerably over present levels.

Consumption of tobacco products in this country has increased little if any over last year, but the over-all consumption, including the overseas military, is probably above the record level of 1943.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1943		1944				
		Year	June	Mar.	Apr.	May	June	
Industrial Production <u>1/</u>	: 1935-39 :							
Total	: = 100 :	239	237	242	239	237	---	
All manufactures	: " :	258	258	260	256	253	---	
Durable goods	: " :	360	358	367	361	357	---	
Nondurable goods	: " :	176	177	175	172	170	---	
Minerals	: " :	132	117	139	140	143	---	
Construction activity <u>1/</u>	: 1935-39 :							
Contracts, total	: = 100 :	123	78	70	63	54	---	
Contracts, residential	: " :	98	78	42	42	39	---	
Wholesale prices <u>2/</u>	: 1935-39 :							
All commodities	: = 100 :	128	129	129	129	129	129	
All commodities except farm and food	: " :	119	119	121	121	121	121	
Farm products	: " :	161	166	163	162	162	164	
Food	: " :	135	139	132	133	133	135	
Prices received and paid by farmers <u>3/</u>	: 1910-14 :							
	: = 100 :							
Prices received, all prod.	: " :	193	195	196	196	194	193	
Prices paid, int. and taxes	: " :	164	164	170	170	170	170	
Parity ratio	: " :	117	119	115	115	114	114	
Consumer expenditures <u>4/</u>	: 1935-39 :							
Total	: = 100 :	155	155	166	---	---	---	
Cost of living <u>5/</u>	: 1935-39 :							
Total	: = 100 :	124	125	124	125	125	---	
Food	: " :	138	142	134	135	136	---	
Nonfood	: " :	116	115	119	119	120	---	
Income	: 1935-39 :							
Nonagricultural payments <u>4/</u>	: = 100 :	207	207	225	225	225	---	
Cash farm <u>3/</u>	: " :	242	256	274	270	276	275	
Income of Industrial Workers <u>5/</u>	: 1935-39 :	305	304	318	313	313	---	
Factory payrolls	: = 100 :	337	338	345	339	339	---	
Weekly earnings of factory workers <u>5/</u>	: Dollars :							
All manufacturing	: " :	43.16	43.35	45.63	45.56	---	---	
Durable goods	: " :	49.32	49.33	51.53	51.66	---	---	
Nondurable goods	: " :	34.12	34.29	36.57	36.17	---	---	
Employment	: :							
Total civilian <u>6/</u>	: Million :	52.5	54.0	50.5	51.3	52.0	53.2	
Employees in nonagri. est. <u>5/</u>	: Thous. :	39,677	39,859	38,681	38,692	38,598	38,627	
Farm <u>3/</u>	: " :	10,263	11,659	8,562	9,080	10,068	11,285	
Government finance (Federal) <u>7/</u>	: Mil. Dol. :							
Receipts, net	: " :	2,879	4,569	6,573	3,087	2,950	6,247	
Expenditures	: " :	7,340	8,327	8,525	7,859	8,292	8,625	

Sources: 1/ Federal Reserve Board; converted to a 1935-39 base. 2/ U. S. Dept. of Labor, B.L.S. 3/ U. S. Dept. of Agriculture, B.A.E. To convert prices received and prices paid, interest and taxes to 1935-39 base, multiply by .93110 and .77640 respectively. 4/ U. S. Dept. of Commerce. 5/ U. S. Dept. of Labor, B.L.S. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1943 are on average monthly basis.



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